

Message Text

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ORIGIN EB-08

INFO OCT-01 ISO-00 DODE-00 NSAE-00 ICA-11 TRSE-00
SOE-02 DOE-15 CIAE-00 COME-00 EA-10 EUR-12 INR-10
PA-01 SP-02 NSC-05 /077 R

1RAFTED BY EB/ITP/EWT:RPRACHT:DJ
APPROVED BY EB/ITP/EWT:RPARCHT
EA/PRCM:SHALLFORD

-----014799 100532Z /15

R 100145Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY PARIS
INFO USLO PEKING
AMCONSUL HONG KONG

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EXCON, USOECD

E.O. 11652: XGDS-1

TAGS: ESTC, COCOM, US, CH

SUBJECT: DAEDALUS EXPORT OF SCANNING SYSTEM AND
ACCESSORIES TO THE PRC

REF: STATE 146681

1. NEW YORK TIMES OF JUNE 9 CARRIED ARTICLE ON SUBJECT
CASE STATING THAT ADMINISTRATION APPROVED SUBJECT SALE
TO IMPROVE RELATIONS WITH CHINA. (ARTICLE BEING POUCHED).
ARTICLE STATED US AGREED PROVIDE CHINA WITH GEOLOGICAL
SURVEY EQUIPMENT USING INFRARED SCANNING SYSTEM IT WOULD
NOT PROVIDE SOVIET UNION BECAUSE OF POTENTIAL.MILITARY
USES. DECISION FOLLOWS BRZINSKI VISIT TO CHINA WHERE
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TRANSFER OF TECHNOLOGY DISCUSSED AND FOLLOWING IMPROVED
RELATIONS WITH CHINA. DECISION WAS REVERSAL OF EARLIER
DECISION TO DENY EQUIPMENT SALE TO CHINA FOR TECHNICAL
REASONS.

2. FOLLOWING ARE QUESTIONS ANDANSWERS PREPARED FOR
POSSIBLE PRESS INQUIRES WHICH USDEL MAY USE TO ANSWER

ANY QUESTIONS RAISED IN PARIS:

QUESTION: THE NEW YORK TIMES REPORTS THAT THE US IS PLANNING TO SELL TO CHINA CERTAIN HIGH TECHNOLOGY EQUIPMENT WITH POSSIBLE MILITARY APPLICATION THAT IT WOULD NOT SELL TO THE SOVIET UNION. IS THIS TRUE?

ANSWER: AS WE HAVE STATED, DUAL-USE TECHNOLOGY SALES ARE DECIDED ON A CASE-BY-CASE BASIS IN TERMS OF POTENTIAL EFFECT ON US SECURITY AND THAT OF OUR ALLIES. MANY FACTORS ARE TAKEN INTO CONSIDERATION BUT WE ARE NOT GOING TO DISCUSS HYPOTHETICAL SALES OR FACTORS THAT GO INTO THE DECISION-MAKING PROCESS.

QUESTION: IN THE DAEDALUS CASE THAT HAS BEEN DECIDED IN FAVOR OF THE PRC WOULD YOU SELL THE SAME INFRA-RED SCANNING EQUIPMENT TO THE SOVIET UNION?

ANSWER: SUCH A CASE WOULD BE DECIDED ON ITS OWN MERITS BUT AS WE SAID, WE ARE NOT GOING TO DISCUSS HYPOTHETICAL SALES.

QUESTION: HAS THE SOVIET UNION EVER BEEN A CANDIDATE FOR THE SALE OF THE SAME INFRA-RED EQUIPMENT AS HAS BEEN APPROVED FOR THE PRC?

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ANSWER: I DON'T KNOW. BUT FOR DETAILS ON SALES OF DUAL -USE TECHNOLOGY EQUIPMENT I HAVE TO REFER YOU TO THE COMMERCE DEPARTMENT.

QUESTION: THE NEW YORK TIMES STORY QUOTES GOVERNMENT SOURCES AS SAYING THAT THIS EQUIPMENT WOULD NOT BE SOLD TO THE SOVIET UNION BECAUSE OF ITS MORE ADVANCED TECHNICAL STATE. IS THIS TRUE?

ANSWER: THE POTENTIAL FOR DIVERSION TO MILITARY PURPOSES IS A FACTOR IN DUAL-USE TECHNOLOGY CASES, BUT WE ARE NOT GOING TO DISCUSS EVALUATION OF THE FACTORS IN THE DECISION-MAKING PROCESS.

QUESTION: THE NYT STORY ALSO STATES THAT THE APPROVAL OF THE SALE OF THE DAEDALUS EQUIPMENT WAS MADE IN AN EFFORT TO IMPROVE RELATIONS WITH THE PRC. WILL YOU COMMENT?

ANSWER: WE ARE SEEKING TO IMPROVE OUR RELATIONS WITH CHINA AND OUR TRADE PROGRAM WITH THE PRC IS OBVIOUSLY AN ELEMENT IN ACHIEVING THAT GOAL. HOWEVER, OUR

OVERRIDING CONCERN IN DUAL-USE TECHNOLOGY SALES IS THE
LEGITIMATE SECURITY CONCERNS OF THE US AND ITS ALLIES.

QUESTION: THE ARTICLE ALSO STATES THE US IS CONSIDERING
APPROVING THE SALE TO CHINA OF ANOTHER PIECE OF GEOLOGICAL
SURVEYING EQUIPMENT KNOWN AS THE ARRAY PROCESSOR. WILL
YOU COMMENT?

ANSWER: I HAVE NO INFORMATION ON IT. I'LL HAVE TO
REFER YOU TO THE DEPARTMENT OF COMMERCE.

QUESTION: ARE THE CHINESE BEING TREATED THE SAME WAY
AS THE RUSSIANS CONCERNING THE SALE OF EQUIPMENT THAT
HAS POSSIBLE MILITARY USE?
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ANSWER: OUR POLICY IS TO BE EVEN-HANDED IN SALES OF EQUIP-
MENT TO THE PRC AND SOVIET UNION, JUDGING EACH CASE
ON ITS TECHNICAL MERITS. OUR OVERRIDING CONCERN IN
SUCH SALES IS OUR SECURITY AND THAT OF OUR ALLIES.

QUESTION: WHY DID THE USG REVERSE ITS POSITION ON THE
DAEDALUS SALE? HOW IS THE EQUIPMENT LESS SECURITY-
SENSITIVE NOW THAT BEFORE?

ANSWER: THE INITIAL DENIAL IN THESE CASES IS NOT A FINAL
STEP, BUT PART OF A PROCESS WHICH PROVIDES THE COMPANY
WITH FULL OPPORTUNITY TO MEET ANY OBJECTIONS BY THE
GOVERNMENT. BUT FOR DETAILS OF THE CASE, YOU SHOULD
CONSULT THE DEPARTMENT OF COMMERCE. ITS OFFICE OF
EXPORT ADMINISTRATION HAS PRINCIPAL CHARGE OVER EXPORT
LICENSING AND IS THE APPROPRIATE AUTHORITY FOR HANDLING
QUERIES.

QUESTION: DID THE CHANGE IN USG ATTITUDE TOWARD THE
SALE HAVE ANYTHING TO DO WITH BRZEZINSKI'S TRIP TO CHINA?

A. NO. OUR EXPORT LICENSING DECISIONS ARE BASED UPON
THE TECHNICAL MERITS OF EACH CASE IN TERMS OF ITS
POTENTIAL EFFECT ON OUR SECURITY AND THAT OF OUR ALLIES.

QUESTION: HAVE YOU DISCUSSED THE CASE WITH THE CHINESE?

ANSWER: WE DON'T PLAN TO DISCUSS PUBLICLY OUR DIPLOMATIC
CONVERSATIONS. HOWEVER, SUCH ISSUES NORMALLY ARE
HANDLED DIRECTLY BETWEEN THE CHINESE AND THE AMERICAN
SUPPLIER, WHO, IN TURN DEALS WITH THE RELEVANT AMERICAN
GOVERNMENT AGENCIES, PARTICULARLY THE DEPARTMENT OF
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COMMERCE.

QUESTION: CAN YOU FIND OUT WHETHER WE HAVE TALKED
DIRECTLY?

ANSWER: NO. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTRONIC EQUIPMENT, GEOLOGY, PRESS COMMENTS, EXPORT LICENSES, STRATEGIC TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE147807
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780242-0967
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780673/aaaackly.tel
Line Count: 180
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 36abbf8b-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 146681
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2404224
Secure: OPEN
Status: NATIVE
Subject: DAEDALUS EXPORT OF SCANNING SYSTEM AND ACCESSORIES TO THE PRC
TAGS: ESTC, SOPN, US, CH, COCOM
To: PARIS USOECD
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/36abbf8b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014